



A New Political Opening in Chile

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Gabriel Boric from the left-wing coalition won the presidential election in Chile in December and will take over on 11 March. His government will have to tackle both high social expectations, including the expansion of social policy, and the fears of the private sector that these changes will be at its expense. The new authorities will emphasise multilateral cooperation in Latin America in climate policy, the promotion of democracy, and in other areas. They will maintain priority relations with China—Chile's largest trading partner—and will engage the EU on the negotiations of a new Association Agreement, among other topics.

Chile is one of the most politically and economically stable countries in Latin America, but it struggles with large social inequalities. The World Inequality Lab's report for 2022 found that the top 10% of the richest Chileans owned 80% of all goods (financial assets and real estate, for example). The mass anti-government demonstrations in October 2019 confirmed the severity of the problem. The people in the streets protested rising living costs and blamed the 1980 Constitution, and the strongly free-market economic model based on it. In response, the centre-right government of President Sebastian Piñera initiated a process of outlining a new constitution. The 155-member Constitutional Convention (CC) elected by Chileans in May 2021 and composed mainly of independent and left-wing members, must present a draft by July.

The regional, parliamentary, and presidential elections in November 2021 broke the dominance of the centre-left and centre-right ruling Chile alternately since 1990, but they also showed fragmentation in voter support. Boric and conservative José Antonio Kast, who made it to the second round of the presidential election, were seen as representatives of extreme options. The left-wing candidate appealed to the demands of the 2019 protests and proposed an increase in social spending through changes in the tax system (for example, by additional financial burdens on the richest and the private sector.) He called for reforms of education, healthcare, and the pension system and a greater state role in the economy. Before the second round held on 19 December, Boric, like Kast, softened his demands, for

example, talking about the graduality of the reforms. He won with a 56% majority.

Internal Challenges. The fight [against the COVID-19 pandemic](#) and its negative economic effects—the slowdown expected this year and next—will be among the main tasks for the new government. It will have to meet elevated expectations of social change and rebuild the confidence of business, which fears, among others, an increase in labour costs and other burdens imposed by the government to finance expansion of the social policies. The increasing anti-immigrant sentiment and social tensions related to the influx of Venezuelans, among other factors, and the growth of organised crime, will be other serious challenges.

The work on the constitution, including its new socio-economic model, will be an important function of the new government. If Boric abandons the postulated reforms or postpones their implementation, the CC may still impose such solutions in the new constitution. However, the new constitution's entry into force will depend on the results of a referendum that should take place within three months from the announcement of the final draft.

The Boric government's ability to garner support in parliament will be key to passing its initiatives. It will need both to arrange the backing of the heterogeneous left-wing coalition, where the Communist Party has the most votes, and within both houses of parliament. The left-wing parties have the majority in the 155-seat Chamber of Deputies, but right-wing parties have half of the seats in the 50-seat Senate.

International Cooperation. In the election campaign, Boric stressed his plan to promote multilateralism and cooperation through what he called his “turquoise” policy, which refers to fighting climate change and protecting the oceans, as well as on strengthening democracy and respecting human rights. He intends to promote multilateral cooperation in Latin America, which could be facilitated by the presence of ideologically similar governments in neighbouring countries—[Argentina](#), [Bolivia](#) and Peru—and potentially in Brazil and Colombia where the left may win this year’s elections. Argentina and [Mexico](#) will count on Chile’s support in reviving the Community of Latin American and Caribbean States (CELAC), but Boric’s criticism of the authoritarian regimes in Cuba, Nicaragua, and [Venezuela](#), may be an obstacle to that.

Chile’s external relations will be affected by Boric’s decision to review the effects of existing trade agreements and potentially renegotiate some of them. Chile has 26 preferential agreements in place, and 60% of GDP is tied to the country’s foreign trade. In the Chilean Senate, ratification is pending of the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership ([CPTPP](#)), which includes 11 countries of the Asia-Pacific region. Boric declared that acceptance of the document depends on extensive public consultations, among other conditions. Nevertheless, the government will maintain [an ambitious policy on the green transformation](#), including the development of renewable energy potential and of prospective sectors for investments, such as green hydrogen and lithium exploitation. Boric suggested a plan to establish a state-owned enterprise in the latter industry.

Chile will continue to prioritise relations with China—its top trading partner since 2009. In 2018, Chile declared its will to cooperate in the Chinese Belt and Road Initiative. In 2019, a new bilateral free trade agreement entered into force, replacing the 2006 accord. Last year, the Chinese State Grid company took control of CGE, Chile’s largest electricity supplier. Further enhancement of cooperation with China may dampen Chile’s relations with [the U.S.](#), its second-largest trade partner and a key political partner in climate and democracy promotion. Last year, for example, U.S. officials suggested they may recommend excluding Chile from the Visa Waiver Program because of the victory of the Chinese-German consortium Aisino-Mühlbaue in a tender to produce Chilean passports and IDs, seen by the U.S. as a security risk. Eventually, the government cancelled the proceedings.

[The EU](#) is Chile’s third-largest trading partner and the country’s largest investor. The most important common topic will be the conclusion of the talks on a new Association Agreement, which will replace the accord in force since 2003. The parties intend to expand mutual market access for goods and services and the rules for public procurement, as well as to include an investment chapter. The EU also will be an important partner for the Boric government in its efforts to protect the environment and build a low-carbon economy. Promotion of multilateralism, democracy, and human rights, including gender equality, to which Boric attaches special attention, also will be an important part of the Chilean-EU dialogue.

Conclusions and Perspectives. The scale and kind of challenges Chile faces will seriously complicate the implementation of Boric’s electoral programme. His government will struggle to meet the higher social expectations, which may lead to a quick loss of popular support, especially if he backs off far-reaching changes in the socio-economic model. In that case, the CC may step in and impose them. Consequently, it would be difficult for the government to gain the trust of the private sector and increase Chile’s investment attractiveness.

In foreign policy, it should be easy for the new government to strengthen regional cooperation on climate and ocean protection issues. The increase in the number of democratic left-wing governments in Latin America will help to revive the multilateral dialogue. Boric will be distinguished in this group by his stance against undemocratic regimes, but he may have to soften his position under pressure from part of the left-wing coalition, especially the Communist Party.

Further tightening of relations with China may increase Chile’s frictions in relations with the U.S. It is uncertain what the new government’s approach will be to the increasing presence of Chinese entities in strategic sectors such as telecommunications and data management. Chile will remain the EU’s key Latin American partner. The adoption of a new Association Agreement will enhance the conditions for greater economic cooperation between Chile and EU Member States, including Poland. In the Polish-Chilean dialogue, cooperation on low-carbon technologies is a prospective issue. It also will be important for Poland to follow the work on the new constitution of Chile. In February, the CC supported a draft provision on the nationalisation of the mining sector. If it comes into force, the copper mine owned by Polish concern KGHM in Sierra Gorda may be affected.